

# **TOWN OF DAVIE**

## **TOWN COUNCIL AGENDA REPORT**

**TO:** Mayor and Councilmembers

**FROM/PHONE:** Herb Hyman/797-1016

**SUBJECT:** Resolution

**AFFECTED DISTRICT:** All

**TITLE OF AGENDA ITEM:** A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, SELECTING THE FIRMS OF SUNTRUST CAPITAL MARKETS AND SALOMON SMITH BARNEY TO PROVIDE INVESTMENT BANKING SERVICES.

**REPORT IN BRIEF:** A competitive proposal was requested for a firm or firms to provide investment banking services to refund the Town's Water and Sewer Improvement Revenue and Refunding Bonds, Series 1992. The Town sent out specifications to fourteen (14) prospective proposers. Additionally, the proposal was advertised state-wide in Florida Bid Reporting and nationally in BidNet and also posted on the Town's web site. The Town received ten (10) proposal responses. The criteria for evaluation were: experience (both overall and number of senior managed transaction in Florida), distribution capabilities, financial analysis/structuring ideas, and fees. SunTrust Capital markets was selected as the senior managing underwriter based on their excellence in the areas of number of senior managed transactions within the state of Florida and financial analysis and structuring ideas. Salomon Smith Barney was selected as the co-managing underwriter based on their excellence in the area of distribution capabilities. Please refer to the attached letter from the Town's financial advisor for more details. The recommendation is for SunTrust Capital Markets as the senior managing underwriter and Salomon Smith Barney as the co-managing underwriter.

**PREVIOUS ACTIONS:** Not applicable

**CONCURRENCES:** The recommended award has been reviewed by the Town's Financial Advisor and the Selection Committee who concur with the decision to award to SunTrust Capital Markets as the senior managing underwriter and Salomon Smith Barney as the co-managing underwriter.

**FISCAL IMPACT:**

Has request been budgeted? N/A

If yes, expected cost: N/A

Account Name: N/A.

Additional Comments: The underwriter fees will come off the top of the proceeds of the transaction.

**RECOMMENDATION(S):** Motion to approve the resolution.

**Attachment(s):**

Letter of recommendation from PFM

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, SELECTING THE FIRMS OF  
SUNTRUST CAPITAL MARKETS AND SALOMON SMITH BARNEY TO PROVIDE  
INVESTMENT BANKING SERVICES.

WHEREAS, the Town solicited proposals for investment banking services to refund the Town's  
Water and Sewer Improvement Revenue and Refunding Bonds, Series 1992; and

WHEREAS, the selection committee has selected SunTrust Capital Markets and Salomon  
Smith Barney as the firms best qualified to provide the required services; and

WHEREAS, the Town Council accepts the proposals from SunTrust Capital Markets and  
Salomon Smith Barney.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE,  
FLORIDA:

SECTION 1. The Town Council of the Town of Davie does hereby accept the selection of  
SunTrust Capital Markets as the senior managing underwriter and Salomon Smith Barney as the co-  
managing underwriter to provide investment banking services to refund the Town's Water and Sewer  
Improvement Revenue and Refunding Bonds, Series 1992.

SECTION 2. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2002

\_\_\_\_\_  
MAYOR/COUNCILMEMBER

Attest:

\_\_\_\_\_  
TOWN CLERK

APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2002



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November 14, 2002

## Memorandum

**To:** Ken Cohen, Assistant Town Administrator  
Town of Davie, Florida

**From:** David Moore, Senior Managing Consultant DM  
Rebecca Peterson, Consultant RP

**CC:** Carol Menke, Interim Budget and Finance Director  
Herb Hyman, Procurement Manager

**Re:** Results of Investment Banking Services RFP B-03-01

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On October 17, 2002, the Town of Davie (the "Town") published a Request for Proposal for Investment Banking Services to complete a financing to refund the Town's Water and Sewer Improvement Revenue and Refunding Bonds, Series 1992 (the "Series 1992 Bonds"). On November 5, 2002, the Town received ten (10) proposals in response to the RFP. This memo serves to summarize the criteria in the RFP and recommend a senior-managing underwriter and a co-managing underwriter for the refunding of the Town's Series 1992 Bonds.

An evaluation committee comprised of Town staff and the Town's financial advisor, Public Financial Management, Inc. ("PFM"), reviewed the proposals and evaluated the responding firms based upon the criteria outlined in the proposal. The criteria for evaluation are as follows:

- Experience – overall experience of the firm and primary personnel
- Experience with similar transactions
- Other firm characteristics – responsiveness, location, litigation or other factors that differentiate the firm
- Financial analysis/structuring ideas
- Pricing – gross spread, interest rate proposal and accuracy of pricing model

After assessing each firm based upon the above criteria, the evaluation committee selected four (4) firms that excelled in the Town's requirements for a senior-managing underwriter. These firms were Raymond James & Associates, Salomon Smith Barney, SunTrust Capital Markets, and UBS Paine Webber. The firms that submitted a proposal but were not short-listed are A.G. Edwards & Sons, First Southwest, Janney Montgomery Scott, Kirkpatrick Pettis, Stifel, Nicolaus/Hanifen, Imnhoff and William R. Hough & Co. While each of these firms demonstrated strengths in certain areas, they did not offer the depth of experience across all criteria, like the short-listed firms. As an example, Janney Montgomery Scott and Kirkpatrick Pettis reported that they had no Florida senior-managed underwriting experience. Similar limitations in other areas did not qualify the other firms to be short-listed.



In the second phase of the evaluation process the four short listed firms were ranked based on four criteria:

- Distribution capabilities
- Florida senior-managed bond issue experience
- Financial analysis/structuring ideas
- Underwriting fees

Since each of the four firms was deemed capable of serving as senior managing underwriter, the evaluation committee considered each of the criteria to emphasize the importance to the nature of refunding the Town's Series 1992 Bonds. Firms were evaluated in each category. Distribution capabilities and senior-managed experience were weighted evenly while financial analysis and structuring ideas were a higher priority. Finally, since the fees proposed by each firm were very similar they were a lesser consideration than the other criteria.

Based on this evaluation method, we rank the firms in following order:

1. SunTrust Capital Markets
2. Salomon Smith Barney
3. Raymond James & Associates
4. UBS PaineWebber

We recommend that the Town select SunTrust Capital Markets as the senior-managing underwriter and Salomon Smith Barney as the co-managing underwriter for the refunding of the Series 1992 Bonds. Employing an underwriting team of two firms is common for this size transaction and ensures the Town's bonds will be marketed to a wide range of potential purchasers, therefore enabling the Town to obtain very low interest rates.

